

## **MINUTES OF BOARD OF DIRECTORS REGULAR MEETING**

**TUESDAY ~ OCTOBER 16, 2012 ~ 6:00 P.M.**

### **FORT SMITH PUBLIC SCHOOLS SERVICE CENTER**

The meeting was called to order by Mayor Sandy Sanders, presiding. Invocation was given by Reverend Robert Berry of Bluff Avenue Baptist Church, followed by the Pledge of Allegiance. On roll call the following members of the Board were present: Directors Steve Tyler, Andre' Good, Don Hutchings, George Catsavis, Pam Weber, Kevin Settle and Philip H. Merry, Jr. The Mayor declared a quorum present.

Mayor Sanders inquired if any Board member had any item of business to present that was not already on the agenda. There was none presented.

The minutes of the October 2, 2012 regular meeting were presented for approval. Settle, seconded by Merry, moved approval of the minutes as written. The members all voting aye, the Mayor declared the motion carried.

Item No. 1 was a resolution authorizing continued investigation and litigation regarding HOME Funds loan (*Koller Place Addition Project*) ~ Tyler/Settle placed on agenda at the October 9, 2012 study session ~

Director of Community Development Matt Jennings briefed the Board on the item as discussed at the September 25 and October 9, 2012 study sessions. During the 1998 CDBG and HOME funding cycle, Lend A Hand, Inc. (LAH) and their development partner, Aarons, Inc. proposed a project to construct twenty-three (23) affordable housing units in a new subdivision, which was named Koller Place Addition. The Board of Directors approved the proposed funding in 1998 via Resolution R-83-98, which authorized a \$150,000 loan to be repaid in ten (10) years with 1% interest to be paid annually. The agreement was executed on November 16, 1998; however, the file along with all associated documents were

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destroyed by basement flooding thereby making enforcement of the loan difficult. Although contact with LAH was ongoing regarding the loan, a copy of the loan agreement was not obtained until July 2011. LAH officials requested the loan be forgiven; however and per the Department of Housing and Urban Development (HUD), since the loan was from federal funds, such cannot be done unless the City pays the money back to the HOME Investment Trust Fund. Staff has explored every option to assist LAH and their partners to satisfy the loan; however, no satisfactory solution has been reached. If the City maintains any hope of recovering the loan proceeds and due to legal time limitations, the City must pursue legal action immediately. Due to such, he recommended approval of the proposed resolution.

Director Weber commented that all parties were aware the proceeds received was for a loan; therefore, should be repaid. Due to such, she spoke in favor of the proposed resolution. If the subject loan is not repaid, she requested a brief explanation of the impact of such.

Mr. Jennings explained that if the loan is not repaid by LAH, the City must either expend \$150,000 in taxpayer dollars from the general fund to satisfy the loan or the amount of HOME fund allocations will be reduced in the future.

Due to multiple inquiries from Director Catsavis, Mr. Jennings reiterated the subject loan is the only one of its kind and noted that staff pursued every option to allow LAH to repay the loan. If they defaulted on the loan, such would ultimately jeopardize their status as a certified Community Housing Development Organization (CHDO), which the City did not want to see happen.

Director Settle commended Mr. Jennings for following the process as best he could and for pursuing every effort to help LAH from defaulting on the loan; however, the matter must be resolved so he too spoke in favor of the item.

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Settle, seconded by Good, moved adoption of the resolution. The members all voting affirmatively, the Mayor declared the motion carried and the resolution was adopted and given No. R-220-12.

The Consent Agenda (Item No. 2) was introduced for consideration, the items being as follows:

- A. Resolution authorizing engineering services agreements for the design of projects in the 2013 Sales Tax Program (\$725,260.00 / *Engineering Department / Budgeted - Sales Tax Program Fund*)
- B. Resolution accepting bid for the replacement of rail crossing on Navy Road and South 7th Street (\$92,716.72 / *Engineering Department / Budgeted - Sales Tax Program Contingency Fund*)
- C. Resolution accepting bid for the purchase of an aerial truck (\$83,308.00 / *Street Department / Budgeted - Sinking Fund*)
- D. Resolution accepting bid for the purchase of a tractor mower (\$79,300.00 / *Street Department / Budgeted - 5303 Operating Fund / Capital Outlay*)
- E. Resolution accepting bid for the purchase of a backhoe loader (\$63,789.00 / *Utilities Department / Budgeted - 5610 Operating Fund / Capital Outlay*)
- F. Resolution accepting the project as complete and authorizing final payment to Land Farmers, Inc. for the Lee Creek Water Treatment Plant Residuals Lagoon Cleaning (\$74,800.00 / *Utility Department / Budgeted - 5604 - Operating Fund*)
- G. Resolution authorizing acquisition of easements in connection with the Lake Fort Smith 48-Inch Water Transmission Line (\$62,400.00 / *Utility Department / Budgeted - 2008 Revenue Bonds*)
- H. Resolution accepting the project as complete and authorizing final payment to M. Phillips Construction, Inc. for the Sewer Force Main Conduits at Darby Reserve Center (\$13,900.00 / *Utility Department / Budgeted - 2008 Revenue Bonds*)

Regarding Item No. 2D, the following individual was present to address the Board:

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- David Harris  
Fort Smith, Arkansas

Re: Urged the Board to review the difference in bid amounts on items included on the consent agenda. Such savings may not be realized if the Board opts to decrease amounts that require competitive bidding, which is scheduled for discussion at a future study session.

Settle, seconded by Merry, moved adoption of all consent agenda items. The members all voting affirmatively, the Mayor declared the motion carried and the resolutions were adopted and numbered R-221-12 through R-228-12 respectively.

Mayor Sanders opened the Officials Forum with the following comments offered:

► Mayor Sanders

- Re:
1. Recognized members of Leadership Fort Smith, who were in attendance for upcoming "Local Government Day."
  2. Noted the recent visit of delegates from Jining, China and extended much appreciation to all who welcomed them to the City. He's hopeful such will encourage Jining delegates to recommend Fort Smith for future manufacturing jobs.
  3. Advised of Lake Fort Smith Improvement Project ribbon cutting was held Monday, October 15<sup>th</sup>. The \$36 million project assures the availability of treated water which exceeds both state and federal water standards.
  4. Encouraged all to attend upcoming Veterans Day activities, i.e. the Veterans Day Parade at Chaffee Crossing on November 3<sup>rd</sup> and the Veterans Day Ceremony at 2:00 p.m. on November 11<sup>th</sup> at the National Cemetery.
  5. Advised the City of Fort Smith has updated an information booklet with helpful information for residents. Such are available at city offices, the Chamber of Commerce and all public libraries.

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6. Extended much appreciation to the following City of Fort Smith staff, who hosted conferences in Fort Smith:

- ▶ Ken Savage, Director of Public Transit  
Arkansas Transit Association
- ▶ Lance McAvoy, Lab Manager  
Arkansas Department of Environmental  
Quality - Watershed Conference
- ▶ Danny King, Electrical Inspector  
International Association of Electrical  
Inspectors
- ▶ Russell Gibson, Director of Information &  
Technology Services  
Northwest Arkansas GIS Users Group

- ▶ Director Weber

Re: 1. Reminded all of the Beautify Fort Smith fall cleanup event on October 20<sup>th</sup>. Interested participants should meet at 8:00 a.m. on said date at Martin Luther King, Jr. Park whereby supplies will be provided.

2. Extended appreciation to Police Chief Kevin Lindsey and police department for increasing litter awareness and to Director of Sanitation Baridi Nkokheli for furnishing a dumpster for the aforementioned cleanup event.

- ▶ Director Settle

Re: Regarding the recent ribbon cutting at the Lake Fort Smith Water Treatment Plant, he stated such accomplishment is due to the foresight of past directors.

- ▶ Director Merry

Re: Reminded all of the upcoming annual Christmas Honors event to place wreaths at the National Cemetery. The work day is slated for December 7<sup>th</sup>; Ceremonies on December 8<sup>th</sup>; Candlelight vigil on December 9<sup>th</sup>; and, special service to coincide with the event at the Tomb of the Unknown Soldier on December 15<sup>th</sup>. He further advised that wreath pickup is scheduled for January 15<sup>th</sup>.

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The Board entered into executive session at approximately 6:25 p.m. and after reconvening, the Mayor announced the following appointment nominations:

**AUDIT COMMITTEE**

Director Pam Weber  
George Moschner (*reappointment*)  
Deana Infield  
Terms expire November 30, 2015

**OAK CEMETERY COMMISSION**

Carole Barger (*reappointment*)  
Charles Girard (*reappointment*)  
Terms expire November 30, 2015

Catsavis, seconded by Merry, moved acceptance of all appointment nominations. The members all voting aye, the Mayor declared the motion carried.

There being no further business to come before the Board, Catsavis moved that the meeting adjourn. The motion was seconded by Settle and the members all voting aye, the Mayor declared the motion carried, and the meeting stood adjourned at 6:31 p.m.

**APPROVED:**

  
**MAYOR**

**ATTEST:**

  
**CITY CLERK**